

STAFFORD COUNTY SCHOOL BOARD

Agenda Consideration

TOPIC: Energy Performance Contracting

ITEM NO: 4A

PREPARED BY: Robert Randall
Energy Manager

MEETING: May 9, 2006
ACTION DATE: May 23, 2006

Stacy Gentry
Supervisor of Physical Plants
Maintenance

Andrew F. Hicks
Director of Maintenance and Operations

Wayne Carruthers
Assistant Superintendent of
Financial Services

André A. Nougaret
Assistant Superintendent for
Support Services

ACTION REQUESTED BY THE SUPERINTENDENT: That the School Board approve the award of contract for Energy Performance Contracting and improvements at school sites specified to Noresco, LLC in the amount of \$3,143,898.00; approve the lease/purchase financing for such services and improvements with **TBD** on the terms negotiated by school officials, with the advice of the School Board attorney, and authorize Assistant Superintendent for Finance to execute on behalf of the School Board the agreements and related documents for these services/improvements and the lease/purchasing financing.

KEY POINTS:

- 2004-05 Efficiency Study noted that Stafford County does not have a Comprehensive Energy Policy and recommended such a policy be developed and implemented. Policy would establish:
 - Student/Staff Training and Education
 - Division-wide Usage Guidelines (Temperature, hours of operation, etc.)
 - Capital Improvements
 - Energy Monitoring (Formulate usage baseline)
- 2004-05 Efficiency Study suggested that the school district was a strong candidate for “Energy Performance Contracting”.
- Through the Energy Performance Contracting process facility specific conservation and/or operational efficiency measures are identified. As measures are implemented, reduced energy costs are realized and utilized to fund energy conservation measures.

- The contractor guarantees energy cost savings. The Commonwealth of Virginia requires the energy performance contractor, to whom the contract is awarded, provide a guarantee, supported by a surety instrument, to the contracting entity for the installation and faithful performance of the installed energy savings measures as outlined in the contract document.
- In September 2004, an Energy Performance Contracting Committee, comprised of select Stafford County Public School and Stafford County Government employees was formed to review the process and select the companies to participate. The Commonwealth of Virginia provided a list of pre-qualified contractors. Per the guidelines set forth by the Commonwealth of Virginia, five companies were chosen to do a “back of the envelope” audit of four schools, the school administration building, and the county administration building.
- Initial written proposals were received from three of the companies that were invited to participate. All three companies were invited for oral interviews that were conducted by the committee. In March, the committee met to review the proposals and Noresco was chosen to proceed with a Technical Energy and Water Savings Audit. This audit incorporated an in depth analysis of our current systems (i.e. lighting, HVAC, plumbing, etc.) and corresponding utility expenses.
- On April 12, 2005, as part of the FY2005 Second Financial Review, the School Board approved the employ of an Energy Manager to coordinate an overall Energy Conservation Program and the anticipated Energy Performance Contract. Position cost to be covered by energy savings incurred.
- On June 21, 2005, the School Board approved a detailed Energy Audit Agreement with Noresco, LLC, 2750 Prosperity Avenue, Suite 130, Fairfax, VA 22031, in the amount of 229K, to identify energy conservation or operational efficiency measures through the Energy Performance Contracting process.
- On September 5, 2005, Noresco presented an initial audit report detailing eighteen (18) potential energy conservation measures (ECMS).
- On October 3, 2005, the Energy Manager position was filled with Mr. Robert Randall.
- On October 11, 2005, staff provided an update on the Performance Engineering Project. At that time only one energy conservation measure (lighting retrofits) had been audited in all specified buildings.
- In January 2006, Noresco submitted a final audit report which outlined six (6) energy conservation measures and a “turn-key” project cost of \$3.4 million dollars. The six (6) ECMS are:
 1. Lighting Retrofit
 2. Occupancy Sensors
 3. Water Conservation
 4. Variable Frequency Drives & Energy Efficient Motors
 5. Building Envelop Improvements
 6. Vending Machine Controls
- Staff initiated “Plan B” research in an effort to: 1) Validate Noresco cost proposal and 2) Compile the costs associated with implementing identified energy conservation measures with existing school division staff.

- Staff initiated an exhaustive review of all utility costs, at all sites, for the past three years. A “usage baseline” detailing average usage over this three year period has been established.
- On April 13 and April 19, 2006, staff met with Noresco to review their cost proposal and negotiate a final cost.
- Funding will be provided by a tax exempt municipal lease with **TBD** who was selected through a competitive process. This lease will fund project costs. Project funding will be placed in escrow and dispersed as needed during construction period. Project payments will be repaid over a **TBD** year term, monthly in arrears. Annual guaranteed savings amount identified in the Noresco Energy Services Agreement will be sufficient to fund lease payments throughout term of agreement. As a result project is self-funded.
- Draft copy of Lease Purchase Financing Request for Proposal and Energy Services Agreement are under review by School Board counsel. Final drafts will be made available to the Board prior to May 23, 2006 School Board meeting. Energy Services Agreement must be consummated by June 15, 2006 to retain present cost structure.

SCHOOL BOARD GOAL: Goal #5: Provide facilities that promote student learning and community support.
 Goal #7: Provide school environments where teachers are safe to teach and students are safe to learn.

FUNDING SOURCE: Lease payments will be funded through the guaranteed utility cost savings.

AUTHORIZATION REFERENCE: Section 11-34.3 Code of Virginia – Energy Performance –
February 8, 2006 Based Contract Procedures
 School Board Policy 4-32
 School Board Policy 4-28